



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

FOR IMMEDIATE RELEASE
March 16, 2006

Contact: Carol Guthrie
(202) 224-4515

BAUCUS INTRODUCES SAVINGS COMPETITIVENESS ACT OF 2006
Third in a series of seven competitiveness initiatives provides “savings for workers today, savings for the next generation, savings for the nation”

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, introduced legislation to boost America’s economic competitiveness through personal and national savings. The Savings Competitiveness Act of 2006 will help more working Americans save for retirement through automatic payroll deductions – the surest way to keep savings on track – and will help employers provide those savings programs. The bill will allow parents, for the first time, to direct contributions to Roth IRA accounts for their children, not just for themselves. The bill will also seek to reduce the Federal deficit and increase public savings with strong pay-as-you-go rules for direct spending increases or tax cuts enacted by the Congress.

“You can draw a straight line from increased personal savings to a stronger economic future for our country. Americans who save are Americans who can invest, and their money funds American innovation and growth,” said Baucus. **“Helping hardworking Americans save improves individual and national standards of living. More fiscal responsibility in government is essential to maintaining economic leadership in the world.”**

Thirteen provisions in the Savings Competitiveness Act are designed to help workers save for a secure retirement and to help employers provide savings plans. The bill makes payroll-deduction retirement savings a right for most American workers, and provides a framework for small employers start savings plans with or without matching contributions, as they’re able. The bill also provides additional security for savers with provisions like “secure” IRAs, with limited investment options and fees to simplify investment decisions and educational efforts, and a provision that helps retirees with limited savings keep more in reserve. See the following page for details on each individual savings provision of the Savings Competitiveness Act.

The bill also creates Young Saver’s Accounts, in which parents can set up Roth IRAs for their children under age 18. Contributions to the child’s account will apply toward the parent’s annual limit. The accounts become ordinary Roth IRAs when the child turns 18. Savings can be used penalty-free for first-home purchases and college expenses as well as retirement.

The government savings component of the bill will require Congress to reduce deficits and create public savings by “paying as it goes” for increases in entitlement spending and tax cuts. Baucus has supported tough pay-as-you-go rules for the Congress during the budget and debt limit debates this week. He advocates stronger action to close the \$345 billion tax gap – the gulf between taxes legally owed and taxes actually paid – to help Congress stick to such rules.

“This bill provides savings for workers today, savings for the next generation, and savings for the nation,” said Baucus. **“Public and private savings are key to our economic stability, and that is the core of competitiveness.”**

###